

PROSPECTUS SUPPLEMENT
(To Prospectus dated April 6, 2005)

1,700,000 Shares



Ordinary Shares

We are offering up to 1,700,000 ordinary shares pursuant to this prospectus supplement.

Our ordinary shares are quoted on the Nasdaq National Market and the Tel Aviv Stock Exchange under the symbol "MAGS." On April 14, 2005, the last reported sale price of our ordinary shares on the Nasdaq National Market was \$9.92 per share.

Lehman Brothers Inc. has agreed to act as placement agent for the sale of up to 1,700,000 of our ordinary shares. The placement agent is not required to sell any specific number or dollar amount of our ordinary shares, but will use its best efforts to arrange for the sale of all 1,700,000 ordinary shares offered. As part of this offering, Jacob Even-Ezra, our Chairman of the Board and Chief Executive Officer and Nathan Kirsh, one of our directors and a trustee of the Erona Foundation, a controlling shareholder of Mira Mag Inc., one of our shareholders, together will purchase a total of 425,000 ordinary shares, or 25% of the ordinary shares offered hereby.

Investing in our ordinary shares involves risks. See "Risk Factors" beginning on page 6 of the accompanying prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement and the accompanying prospectus are truthful or complete. Any representation to the contrary is a criminal offense.

| | Per Share | Total |
|---|------------------|---------------|
| Public offering price | \$ 9.50 | \$ 12,112,500 |
| Price to affiliates | \$ 9.92 | \$ 4,216,000 |
| Placement agent fee | | \$ 1,000,000 |
| Proceeds to Magal Security Systems Ltd. (before expenses) | | \$ 15,328,500 |

Delivery of the ordinary shares to purchasers will be made on or about April 18, 2005.

Lehman Brothers

As Placement Agent

April 14, 2005

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This prospectus supplement and the accompanying prospectus, dated April 6, 2005, relate to the offer by us of up to 1,700,000 of our ordinary shares. You should read this prospectus supplement along with the accompanying prospectus carefully before making a decision to invest in our ordinary shares. These documents contain important information you should consider when making your investment decision. This prospectus supplement contains information about the ordinary shares offered hereby and the prospectus contains information about our securities generally. This prospectus supplement may add, update or change information in the prospectus. You should rely only on the information provided in this prospectus supplement and the accompanying prospectus or documents incorporated by reference in the accompanying prospectus. We have not authorized anyone to provide you with any other information.

PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights information contained elsewhere or incorporated by reference in this prospectus supplement and the accompanying prospectus. This summary does not contain all of the information that you should consider before deciding to invest in our ordinary shares. You should read this entire prospectus supplement and the accompanying prospectus carefully, including the "Risk Factors" section contained on page 6 of the accompanying prospectus, and our consolidated financial statements and the related notes and the other documents incorporated by reference in the accompanying prospectus.

About Magal Security Systems Ltd.

We develop, manufacture, market and sell complex computerized security systems. Our systems are used in more than 75 countries to protect aircraft, national borders and sensitive facilities, including military bases, power plant installations, airports, postal facilities, prisons and industrial locations from terrorism, theft and other security threats. Our revenues are principally derived from:

- a line of perimeter security systems and a video motion detection system, which automatically detect and locate intruders, identify the nature of intrusions and provide emergency notification;
- turnkey projects based on security management, command and control systems, which integrate the management, control and display of various security systems into a single, real-time database and support real-time decision making and wide area command and control; and
- video monitoring services.

We recently began to market two new products: DreamBox (TM) and PipeGuard (TM). DreamBox (TM) is a state-of-the-art embedded hardware and software product, which integrates a number of Closed Circuit - TV related applications, into one box. The system is designed to be economical, as well as compact to save space, while avoiding the use of complicated cable installation and network protocols integration. PipeGuard (TM) utilizes an innovative technology to guard buried pipelines, regardless of pipeline length, with the ability to detect potential attack and alert authorities before potential harm or damage occurs. PipeGuard (TM) provides a solution for securing buried assets, gas and oil pipelines and infrastructure of buried communication lines such as fiber optic cables. The target market for PipeGuard (TM) includes oil and gas companies, owners and operators of pipelines or communication cables and governmental agencies dealing with security and environment.

We were incorporated in Israel in 1984 and have subsidiaries in Israel, United States, Canada, United Kingdom, Germany, The Netherlands, Romania and Mexico. Our principal executive offices and primary manufacturing and research and development facilities are located near Tel Aviv, Israel, in the Yahud Industrial Zone. Our mailing address is P.O. Box 70, Industrial Zone, Yahud 56100, Israel and our telephone number is (972) (3) 539-1444. Our agent for service of process in the U.S. is Magal Senstar, Inc., 43180 Osgood Road, Fremont, California 54539.

THE OFFERING

| | |
|---|---|
| Ordinary shares offered in this offering | 1,700,000 shares |
| Ordinary shares to be outstanding after this offering | 10,372,448 shares |
| Use of proceeds | For general corporate purposes, including working capital. See "Use of Proceeds" on page S-3. |
| Nasdaq National Market and Tel Aviv Stock Exchange symbol | MAGS |

The information above is based on 8,672,448 ordinary shares outstanding as of April 14, 2005. It does not include:

- 105,000 ordinary shares issuable upon the exercise of share options outstanding as of April 14, 2005 at a weighted average exercise price of \$7.66 per share; and
- 537,676 ordinary shares reserved for future awards under our 2003 Israeli Share Option Plan as of April 14, 2005.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

The accompanying prospectus and the documents incorporated by reference in the accompanying prospectus contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements relate to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "intend," "expect," "anticipate," "believe," "estimate," "predict," "potential" or "continue" or the negative of such terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including the risks outlined under "Risk Factors" beginning on page 6 of the accompanying prospectus that may cause our or our industry's actual results, levels of activity, performance or achievements to differ from those expressed or implied by such forward-looking statements. Before deciding to purchase our ordinary shares, you should carefully consider the information set forth in this prospectus supplement, the accompanying prospectus and in the documents incorporated by reference in the accompanying prospectus.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Except as may be required by law, we do not intend to update any of the forward-looking statements for any reason after the date of this prospectus supplement to conform such statement to actual results or if new information becomes available.

USE OF PROCEEDS

We estimate that the net proceeds we will receive from this offering will be approximately \$14,928,500 million, after deducting the placement agent's fees and estimated offering expenses.

We intend to use the net proceeds from this offering for general corporate purposes, including working capital.

We have not determined the amounts we plan to spend on any of the areas listed above or the timing of these expenditures. As a result, our management will have broad discretion to allocate the net proceeds from this offering. Pending application of the net proceeds as described above, we intend to temporarily invest the proceeds in short-term interest bearing instruments.

DIVIDEND POLICY

In each of 1999 and 2000, we paid a cash dividend to our shareholders of \$0.10 per ordinary share, representing approximately 32% of our net income before writing off the investment in our affiliate in each of 1998 and 1999. In 2001, we paid a cash dividend to our shareholders of \$0.13 per ordinary share, representing approximately 33% of our net income in 2000. In each of August 2002 and 2003, we paid a 3% stock dividend, as a final dividend for the years ended December 31, 2001 and 2002, respectively.

On January 27, 2004, we paid a cash dividend to our shareholders of \$0.05 per ordinary share, a total of \$401,000, representing approximately 17% of our net income in 2003. On August 9, 2004, we paid a 5% stock dividend to our shareholders as a final dividend for the year 2003.

CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of December 31, 2004 on an actual basis, and on an adjusted basis to reflect the sale of 1,700,000 ordinary shares at the public offering price of \$9.50 per share and the offering price per share to affiliates of \$9.92 (less estimated offering expenses and placement agency fees of \$1,400,000 as if it occurred on December 31, 2004). You should read this information in conjunction with the consolidated financial statements and related information incorporated by reference in this prospectus supplement and the accompanying prospectus.

| | As of | |
|---|--------------------------|---------------------------|
| | December 31, 2004 | |
| | <u>Actual</u> | <u>As adjusted</u> |
| | (in thousands) | |
| | (Unaudited) | |
| Cash and cash equivalents | \$11,964 | \$26,893 |
| Long-term debt (including current maturities)..... | <u>\$5,349</u> | <u>\$5,349</u> |
| Shareholders' equity | | |
| Ordinary shares of NIS 1.0 par value: | | |
| Authorized: 19,748,000 shares as of December 31, 2004 | | |
| Issued and outstanding: 8,672,448 shares as of December 31, | | |
| 2004, actual; 10,372,448 shares, as adjusted | \$2,825 | \$3,220 |
| Additional paid-in capital | 32,526 | 47,060 |
| Deferred stock compensation..... | (477) | (477) |
| Accumulated other comprehensive income | 1,639 | 1,639 |
| Retained earnings..... | <u>7,035</u> | <u>7,035</u> |
| Total shareholders' equity..... | <u>\$43,548</u> | <u>\$58,477</u> |
| Total capitalization | <u>\$48,897</u> | <u>\$63,826</u> |

PLAN OF DISTRIBUTION

Lehman Brothers Inc., referred to as the placement agent, has entered into a placement agency agreement with us in which it has agreed to act as placement agent in connection with the offering. The placement agent is using its best efforts to introduce us to selected institutional investors who will purchase the shares. The placement agent has no obligation to buy any of the ordinary shares from us nor is the placement agent required to arrange the purchase or sale of any specific number or dollar amount of the shares, but has agreed to use its reasonable best efforts to arrange for the sale of all the shares. As part of this offering, Jacob Even-Ezra, our Chairman and Chief Executive Officer and Nathan Kirsh, one of our directors and a trustee of the Eurona Foundation, the controlling shareholder of Mira Mag, Inc., one of our major shareholders, together will purchase 425,000 ordinary shares, or 25% of the ordinary shares offered hereby. The 425,000 ordinary shares purchased by Mr. Even-Ezra and Mr. Kirsh will be purchased at \$9.92, the closing price of the ordinary shares on the Nasdaq National Market on April 14, 2005.

All investor funds will be deposited into an escrow account set up at JPMorgan Chase Bank, N.A. for the benefit of the investors. JPMorgan Chase Bank, N.A., acting as escrow agent, will invest all funds it receives in a non-interest bearing account in accordance with Rule 15c2-4 under the Exchange Act. The escrow agent will not accept any investor funds until the date of this prospectus supplement. We will deposit the shares with The Depository Trust Company upon receiving notice from the placement agent. At the closing, The Depository Trust Company will credit the shares to the respective accounts of the investors.

We have agreed to indemnify the placement agent and certain other persons against certain liabilities under the Securities Act of 1933, as amended. The placement agent has informed us that it will not engage in overallotment, stabilizing transactions or syndicate covering transactions in connection with this offering.

We have agreed to pay the placement agent a fee equal to 6.12426% of the proceeds of this offering and to reimburse the placement agent for reasonable out-of-pocket expenses not to exceed \$75,000 that it incurs in connection with the offering. The following table shows the per share and total fees we will pay to the placement agent in connection with the sale of the shares offered to the investors pursuant to this prospectus supplement.

| | |
|---|-------------|
| Per share fee for shares sold to public | \$0.581 |
| Per share fee for shares sold to affiliates | \$0.607 |
| Total | \$1,000,000 |

The placement agent has a right, but not an obligation, to provide investment banking services to us on an exclusive basis through November 2005. This right, valued at one percent of the offering proceeds, is exercisable in the placement agent's sole discretion.

This is a brief summary of the material provisions of the placement agency agreement and does not purport to be a complete statement of its terms and conditions. A copy of the placement agency agreement will be filed with the SEC and incorporated by reference into the Registration Statement of which this prospectus supplement forms a part. See "Where You Can Find More Information" on page 22 of the accompanying prospectus.

LEGAL MATTERS

Certain legal matters with respect to United States law will be passed upon for us by Carter Ledyard & Milburn LLP, New York, New York. Certain legal matters with respect to Israeli law will be passed upon for us by S. Friedman & Co., Advocates & Notaries. Morrison & Foerster LLP, New York, New York will pass upon certain legal matters with respect to United States law for the placement agent. Meitar, Liquornik, Geva & Leshem Brandwein will pass upon certain matters with respect to Israeli law for the placement agent.